

# Russell Update



JANUARY 9, 2012

## **CHANGES IN RUSSELL CANADIAN EQUITY POOL AND RUSSELL CANADIAN EQUITY FUND**

Russell Investments Canada Limited (Russell) announces the following sub-adviser changes in the Russell Canadian Equity Fund and Pool:

### **Russell Sovereign Investment Program:**

#### ***Russell Canadian Equity Pool***

- ClariVest Asset Management LLC (ClariVest), a quantitative market-oriented sub-adviser, has been added to the Russell Canadian Equity Pool with a 17% target weighting. The ClariVest mandate typically holds 70 -75 stocks.
- Greystone Management Investments Inc. is no longer a sub-adviser in the Pool.

The Russell Canadian Equity Pool is part of the Russell Sovereign Investment Program.

### **Russell Group of Funds (Underlying funds of the Russell LifePoints Portfolios):**

#### ***Russell Canadian Equity Fund***

- ClariVest Asset Management LLC (ClariVest), a market-oriented sub-adviser has been added to the Russell Canadian Equity Fund with a 17% target weighting. The ClariVest mandate typically holds 70-75 stocks.
- Greystone Management Investments Inc. is no longer a sub-adviser in the Fund.

The Russell Canadian Equity Fund is an underlying fund in Russell LifePoints Portfolios. Russell's innovative fund-of funds solution is available to both individual and institutional investors.

**Russell Canada is the first (and currently only firm) to offer retail and institutional investors access to ClariVest's Canadian Equity product.**

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## Rationale for changes

With the appointment of ClariVest, the Fund and the Pool gain a robust quantitatively managed, fundamentally based, bottom-up investment strategy that is expected to perform well in a variety of market environments, which would enable the Fund and the Pool to better withstand volatile markets. ClariVest seeks to capture excess return potential created by investors' inefficient response to and often under- or over-reaction to new information. ClariVest's portfolio structure is expected to lower the Fund/Pool's market sensitivity, improve portfolio diversification while lowering style-factor risks, and increase the product's overall expected alpha.

## About ClariVest Asset Management LLC

ClariVest was founded in early 2006 by a group of experienced quantitative equity strategists, including Stacey Nutt, the firm's chief investment officer. ClariVest, which stands for Clarity in Investing, applies proprietary modeling techniques that are designed to identify attractive investment opportunities utilizing global comparisons. ClariVest's portfolios tend to be relatively concentrated in comparison to other quantitative managers, and will exhibit sectoral exposures that deviate from the benchmark, but in a risk-managed manner. The quantitative model is comprised of a unique mixture of valuation and momentum signals which may cause the portfolio to focus on different parts of the market, depending on where the most attractive opportunities exist. These characteristics are expected to highly complement the investment processes of the other sub-advisers in the Fund/Pool.

## Effect on Russell Canadian Equity Pool and Russell Canadian Equity Fund

Russell has completed a thorough proforma analysis of the fund structure incorporating the recommended sub-adviser change. The fund's general investment objectives, strategies and risk profile will remain consistent with the fund's description as it appears in the prospectus. Additionally, portfolio characteristics such as market capitalization, valuation and sector exposure relative to the benchmark will not be materially altered as a result of the sub-adviser change.

## Sub-adviser target weights: Russell Canadian Equity Pool and Russell Canadian Equity Fund

Sub-adviser	Role	Previous target weight	New target weight
Picton Mahoney Asset Management	Growth	28%	27%
Foyston, Gordon & Payne Inc.	Value	31%	28%
Aurion Capital Management Inc.	Market Oriented	21%	18%
Goodman & Company, Investment Counsel Ltd	Growth	12%	10%
Greystone Managed Investments Inc.	Market Oriented	8%	0%
ClariVest Asset Management LLC	Market Oriented	0%	17%

For more information about the sub-advisers or the sub-adviser changes, please contact us at 1-888-509-1792 or by email at [canada@russell.com](mailto:canada@russell.com).

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## **Important information**

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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